

## LNF & IHCIF Calculations Illustration

### - PENOBSCOT in Nashville area -

#### Given Data

- 1,335 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 26% = % Expenditures on purchased services, 74% = % expenditures in-house
- 101.9% = Cost index for purchasing health care in this geographic area
- 131.6% = Size cost index for in-house costs due to small or large size
- 95.9% = Nashville area cost index for health status above or below average

#### Cost Adjustment Calculations

- \$782 per person for purchased services =  $26\% * 101.9\% * \$2,980$
- \$2,912 per person for in-house services =  $74\% * 131.6\% * \$2,980$
- \$3,694 per person total = \$782 (purchase) + \$2,912 (in-house)
- **\$3,544 per person total** adjusted for health status =  $\$3,694 * 95.9\%$
- **\$2,799 per person net cost** =  $\$3,544 - \$745$  Other resources (M&M&PI)

#### Existing Expenditures (for 1,335 users excluding wrap-around and collections)

- \$1,933 per person = local IHS allowance (excludes \$ for wrap-around)
- \$155 per person = expenditures elsewhere in Nashville area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$2,142 per person for OU users** =  $\$1,933 + \$155 + \$54$

#### LNF Calculation

- **60.4% Gross LNF** =  $\$2,142$  (expenditures) /  $\$3,544$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **76.5% Net LNF** =  $\$2,142 / \$2,799$  net cost ( $\$3,544 - \$745$  other)

#### IHCIF Allocation

- \$0 = \$ to raise LNF% from 76.5% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$0 Allocation** = \$0 needed for 60% \* 3.488% IHCIF fraction

#### PENOBSCOT Unmet Needs

- **\$3,736,318 Net Total Need** = 1,335 users \* \$2,799 net cost
- **\$877,291 Net Unmet Need** =  $(100\% - 76.5\% \text{ LNF}) * 1,335 \text{ users} * \$2,799 \text{ net cost}$